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BOATING INDUSTRY

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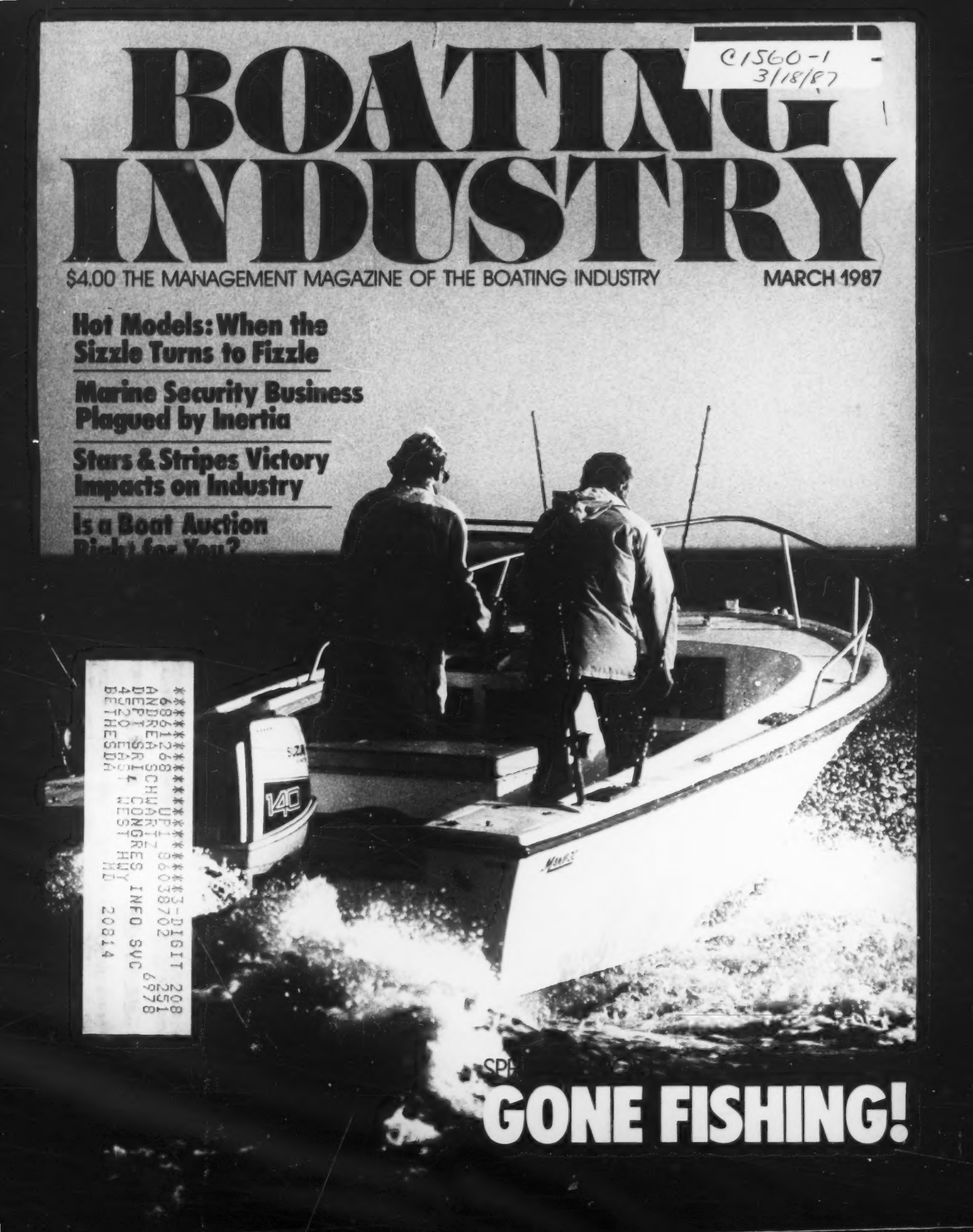
Hot Models: When the Sizzle Turns to Fizzle

Marine Security Business Plagued by Inertia

Stars & Stripes Victory Impacts on Industry

Is a Boat Auction Right for You?



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GONE FISHING!

BOATING INDUSTRY

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Fishing boats have always enjoyed a substantial share of pleasureboat market sales. Manufacturers are racing to keep up with new technology, new colors, and new styles.
PHOTO: COURTESY U.S. SUZUKI

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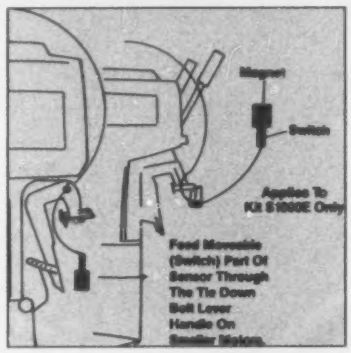

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Gone Fishing!

Recreational fishing fuels boat sales as it continues its climb in popularity. In Washington, boating and sport fishing interests join on funding issues.

PHOTO JOHNSON MOTORS

BY JOHN DE GASPARI

There is no question that the recreational fishing market is growing and that fishing is a major reason for people to buy boats. According to statistics from the National Marine Manufacturers Association, there are an estimated 44 million people across the U.S. who go fishing. Two-thirds of the people who buy boats buy them for the principal purpose of going fishing, says Bob Moyat, manager of marketing statistics for the NMMA.

The popularity of recreational fishing can also be seen from sports surveys taken by research organizations. According to some of those reports, fishing—both fresh water and salt water—has moved from third place to second place in popularity, just after swimming.

Yet different segments within the recreational fishing market are growing at different rates. The National Marine Fisheries Service in Washington, DC conducts an annual survey of recreational fishing, in which it tries to estimate the number of people making fishing trips every year. (The NMFS deals only with the salt water fishing industry—not fresh water.)

"There has been an increase every year since the NMFS has done the survey, in 1979," according to Mark Holliday, who has been involved in compiling the report. "The rate of increase has fluctuated somewhat, but it is still upward sloping." Because the report is an estimate, there is a variance, and it does not spell out percentage changes from year to year. The current estimate is that 17 million anglers fish in salt water every year.

The rate of growth for sportfishing may vary within individual market segments. Some idea of the growth patterns are revealed from a recent study by the American Fishing Tackle Manufacturers' Association in Arlington Heights, IL, titled *Sport Fishing Participation in 1985*. That report states that almost 7 million men, women, and children fished for the first time during 1985, and that about 4 ½ million dropped out of the sport during the same year. This produced a net gain of 2.3 million participants in fresh and salt water fishing. The total numbers of fresh water anglers and salt water anglers in 1985 are put at 36,452,000 and 5,776,000, respectively. This is a 4.9% increase over totals for 1984.

A profile of anglers can also be drawn from the report. The highest number of participants were located in the South (36.9%); followed by the Midwest (28%); West (18.2%); and Northeast (17%). Income was a reverse pyramid with the under $15,000 group accounting for 25.6% of anglers, and the $50,000+ range accounting for 11.2%. The highest participants by age groups were 25–34 (24.7%) and 35–54 (24.3%). The 55 and older group fell off sharply, accounting for 13.2%.

Aging is one reason for somewhat

TOP 20 BOAT OWNER/ANGLER STATES

States Ranked By Registered Boats	Boats	States Ranked By Resident Anglers		Anglers Per Boat
1. Michigan	716,925	1,134,761	5.	1.58
2. Minnesota	645,452	1,233,402	3.	1.91
3. California	642,987	2,563,799	1.	3.99
4. Texas	600,499	1,580,166	2.	2.63
5. Florida	537,086	620,793	12.	1.16
6. Wisconsin	438,287	1,192,256	4.	2.72
7. Ohio	351,394	1,113,107	6.	3.17
8. New York	340,300	868,844	9.	2.55
9. Arkansas	327,226	450,853	17.	1.38
10. Louisiana	315,140	543,401	15.	1.72
11. Illinois	280,996	840,830	10.	2.99
12. Missouri	277,282	900,152	8.	3.25
13. Georgia	241,973	694,600	11.	2.87
14. South Carolina	233,890	355,142	20.	1.52
15. Alabama	233,640	503,496	16.	2.16
16. Pennsylvania	229,044	973,208	7.	4.25
17. North Carolina	218,019	409,307	19.	1.88
18. Tennessee	200,582	618,102	13.	3.10
19. Oklahoma	193,000	546,630	14.	2.83
20. Iowa	190,118	418,473	18.	2.20

Source: High/Low Research

modest projections for the growth of sport fishing in the future. Dave Rockland, an economist with the Sport Fishing Institute in Washington, D.C. says that the sport fishing market will experience a real growth rate of about 2% per year in the future. While there are going to be more people in the future, a larger percentage of people will be older and entering age groups in which they fish less, he explains. Increased leisure time and disposable income may add to participation, but not dramatically, he adds.

Nonetheless, engine and boat manufacturers are taking advantage of tie-ins between recreational fishing and boating with promotions. According to Bill Bucher, manager for special markets liaison for Mercury Marine, Fond du Lac, WI, there is a growth in fishing tournaments that is stimulating activity to fish all species of fish. In many cases, the participants are working directly with dealers.

Mercury Marine has a national fishing team made up of over fifty individuals that fish different species of fish. The company is getting more and more requests to have these people appear at dealer activities such as boat shows or seminars. The participants are well known and have respect in the marketplace, he says.

Several boat manufacturers, too, use fishing tournaments to promote their products. Bob Collins, president of Hydra-Sports, Nashville, TN, calls tournaments a valuable marketing tool. The company opened a Team Hydra-Sport competition in 1983 to Hydra-Sport owners. "It's a massive marketing drive that fosters camaraderie among Hydra-Sport owners. Last year we opened the tournament to owners of other boats as well, so that people can see how well Hydra-Sports perform."

One important trend in the industry is boat-motor-trailer "packaging." These include packages from Bayliner and BassTracker in the bass lines. Other boat manufacturers limit the package concept to its entry level models.

One effect of the packaging concept is that it is opening up the lower end of the market, according to Bayliner's Robyn Weisen. Bayliner's affiliation with US Marine enables the company to offer reasonably priced boat packages.

BassTracker has also been successful with the boat packaging concept, according to marketing manager Jim Barnes. "We are sort of a unique company," says Barnes. "We like to sell through the dealer rather than to the dealer. Almost all of our advertising is retail advertising. Generally when the BassTracker customer walks into a showroom, he has got one of our catalogs in his hand, and he pretty much knows what he wants on that boat." In that sense the retailers are more like car dealers than marine dealers.

Profit margins tend to be a little lower than those of the traditional marine dealer, but a BassTracker dealer tends to have higher volume, he adds. Dealers are encouraged to sell the boats as packages that are almost completely water-ready.

Some boat manufacturers, particularly in the higher price ranges, shy away from packages in favor of customized rigs. As a fisherman becomes more sophisticated he wants more of a say in how his boat is rigged. In the case of customized rigs, a dealer's expertise and customized service plays a more important role, and there will always be a need for that type of service, according to Bill Vanik, marketing manager for Ebbtide. "There is always somebody who wants a slightly different color, instrument, or whatever—especially when dealing with upscale customers."

KingFisher currently offers boat packages on two of its entry level models. It does not package its top of the line boats.

There remains a place for both marketing strategies in the industry, and several manufacturers agree that the packaging concept continues to bring new participants into the sport fishing industry.

One thing that may help the packaging concept in the future is acquisitions, such as the acquisition of Bayliner by Brunswick Corp. While the businesses are handled independently of one another, undoubtedly, the vertical integration will help the packaging concept along, according to Mike Gyorog, director of marketing for special markets at Mercury Marine. The future will tell how, he says, "but it is certain that you will see more and more coordination because of this vertical integration." The result may be reduced costs on the manufacturing end, which in turn can mean a better package to

dealers and retail outlets.

One market that is closely tied into the sales of boats is fishing tackle sales. In general, sales of fishing tackle manufacturers have been holding steady or growing slowly, according to Nancy Lems, communications manager for the American Fishing Tackle Manufacturers Association. She adds that the number of fishing license holders has held steady over the last few years. The AFTMA is divided into four product divisions: rods and reels; lines; lures and baits; and accessories, a catch-all segment including electronics, terminal tackle, tackle boxes, life jackets, etc.

In terms of sales, the terminal tackle area has seen good growth, says AFTMA executive director Tom Conley. Rods and reels are not doing as well, partly because it has reached a saturation point and there are few specialty markets left to expand in. Other product categories that continue to sell strong are electronics, trolling motors, tackle boxes, and fishing line.

As in other areas of the marine accessory industry, more and more tackle products are being distributed through mass merchandisers than through sprecialty retailers, says Conley. Mass merchandisers and catalogs continue to encroach on the independent dealer. But Conley stresses that the specialty dealer can still compete in the area of service and specialized knowledge. "There are various parts of many manufacturers lines that are a little more high-end and afford a good profit margin. A marine dealer can get together with a wholesaler and buy the proper amount of product that allows him to distinguish from what's being sold by the mass merchandiser."

Foremost, Conley emphasizes the close relationship that exists between fishermen and boaters. There's no question that without the opportunity to fish some boat sales would not take place, he says. He adds that there is also no question that the boating community and sport fishing community need to join hands when it comes to fighting on some environmental issues and issues regarding the state of the fishery. In the legislative arena, organizations such as AFTMA, NMMA, and the Sport Fishing Institute are forming coalitions to work on certain issues.

STATE FISHING LICENSE HOLDERS

Northeast Region

Year	Number	Index	% +/−
1977	2,927,363	100.0	—
1978	2,892,229	98.8	−1.2
1979	2,978,113	101.7	+2.9
1980	3,054,946	104.4	+2.6
1981	3,217,449	109.9	+5.3
1982	3,230,233	110.4	+0.4
1983	3,266,160	111.6	+1.1
1984	3,221,322	110.0	−1.4
1985	3,317,921	113.3	+3.0

Annual average change: +1.67%

South Region

Year	Number	Index	% +/−
1977	8,769,046	100.0	—
1978	8,453,463	96.4	−3.6
1979	8,920,725	101.7	+5.5
1980	8,966,214	102.2	+0.5
1981	9,255,577	105.6	+3.2
1982	9,274,555	105.8	+0.2
1983	9,298,574	106.0	+0.3
1984	9,345,818	106.6	+0.5
1985	9,478,337	108.1	+1.4

Annual average change: +1.01%

Midwest Region

Year	Number	Index	% +/−
1977	9,241,497	100.0	—
1978	8,356,434	90.4	−9.6
1979	8,828,472	95.5	+5.6
1980	8,914,488	96.5	+1.0
1981	9,295,931	100.6	+4.3
1982	9,654,327	104.5	+3.8
1983	9,308,487	100.7	−3.6
1984	9,260,163	100.2	−0.5
1985	9,477,096	102.6	+2.3

Annual average change: +0.32%

West Region

Year	Number	Index	% +/−
1977	6,386,490	100.0	—
1978	6,448,226	101.0	+ 1.0
1979	7,220,087	113.0	+12.0
1980	7,059,269	110.5	− 2.2
1981	7,508,284	117.6	+ 6.4
1982	7,422,211	116.2	− 1.2
1983	7,257,322	113.6	− 2.2
1984	7,188,615	112.6	− 0.9
1985	7,399,836	115.9	+ 2.9

Annual average change: +1.98%

Source: U.S. Fish and Wildlife Service.

Top on that agenda right now is the preservation of the Wallop-Breaux amendment to the Sport Fish Restoration Act. The amendment increases the money that is available for boating access, boating safety programs, aquatic resource education, and fishery enhancement programs. This year, for the third year in a row, the Reagan Administration is trying to divert money away from the states and into a general operating account for the U.S. Fish and Wildlife Service. The President's FY'88 budget proposes to transfer $25 million out of the fund. If the Administration succeeds in doing it once, it can do it again and again, and will mean trouble for the industry, say opponents. It promises to be a continuing battle in Congress.

A second cause for concern in the industry is an Administration proposal for a marine fishing license. Like the Wallop-Breaux issue, it is an attempt to divert money from the sport fishing industry into Federal coffers. According to Steve Moyer of the Sport Fishing Institute in Washington D.C., the Federal government is mandated by law to manage marine fisheries. Up to this point that money has come out of general fund revenues—taxes.

"The way that the proposal was originally formatted, they were going to take the license money and use it to reduce the budget deficit," says Moyer. Now there are effort underway to make the proposal more reasonable. This may include a proposal whereby the National Marine Fisheries Service be funded at least in part by the federal marine fishing license. However, sentiments are strong in the industry that the Federal government should continue to fund its management activities through general fund revenues.

Such issues are likely to grow more prevalent as money becomes tighter, especially as the Federal government looks for ways to grapple with a huge deficit. Whatever the outcome of the issues, the fishing and boating industries are sure to find their fates intertwined. □